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6 Reasons Your ERP Can’t Do It All

Eliminating the gap between your ERP and complete financial control

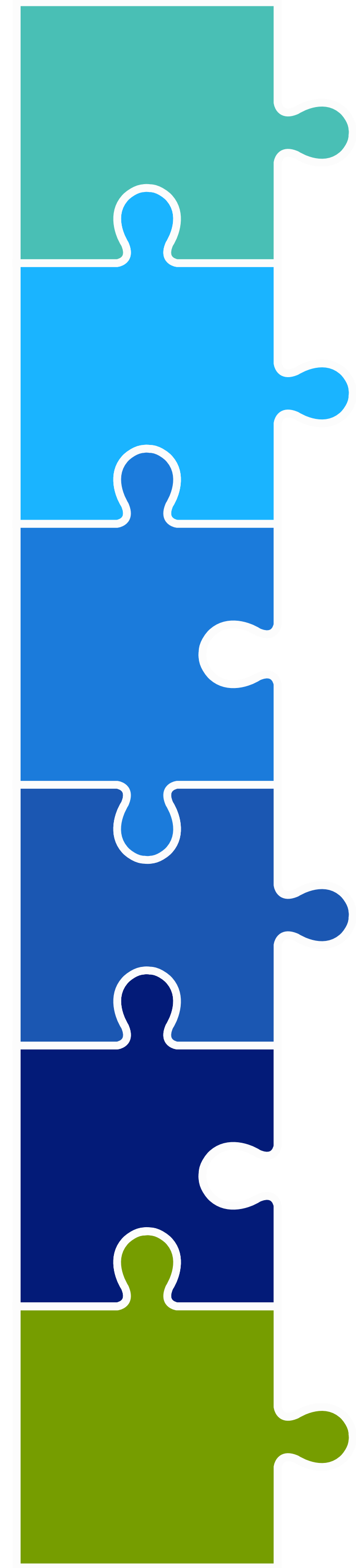
Your ERP system is the financial backbone of your business and it's great at managing the back office functions you need for finance.

But when it comes to eliminating the manual, paper-based accounts payable processes for requisitioning, invoicing, managing working capital and expense reporting - it just can't do it all.

In this post-modern ERP era, no longer are companies making either-or decisions between their ERP and Procure-to-Pay (P2P) systems. Instead, modern finance organizations extend their ERP investment with a P2P platform to achieve full financial control and compliance, better cash management and increase the return on investments. Just as ERPs aren't used for customer relationship management for the selling side of the house, ERPs aren't a fit for business spend management for the spending side of the house.

Need more convincing?

Let's dive into why P2P with the Coupa Business Spend Management Platform is the solution to the six reasons your ERP can't do it all.



1. GAPS IN FINANCIAL CONTROLS
2. NO END TO END AP AUTOMATION
3. NOT FUTURE-PROOF
4. BLIND SPOTS IN FINANCIAL PROCESSES
5. UNABLE TO MEET PUBLIC MARKET DEMANDS
6. WORKING CAPITAL AND PAYMENTS, ANYONE?

1 GAPS IN FINANCIAL CONTROLS

Finance teams often suffer from gaps in financial controls resulting from limited visibility into corporate spend – all the way from ordering through invoice processing to supplier payment. Many companies have adopted ERP systems to provide a strong foundation for financial operations, financial reporting, and compliance. But employees may find these tools cumbersome, even for basic functions.

Employees are looking for the least path of resistance to get their work done, so they simply go around or avoid systems that are difficult to use. New employees are added every quarter to fuel growth, and it takes time to get them up to speed. Lack of adoption sows the seeds for even less adoption when new employees see others going around the system.

In order to gain and maintain full financial control of the business, companies need an easy-to-use strategic extension to their existing ERP system, one that is easy for employees and suppliers to learn and manage the procure-to-pay process, including payments, and that offers real-time visibility into budget impact for approvers before liabilities are committed.

2 NO END TO END AP AUTOMATION

All together now, "An Accounts Payable (AP) problem is a Procure-to-Pay (P2P) problem". Your ERP can't be everything to everyone and certainly not your AP team, the ones most vulnerable to operational inefficiencies and periods of rapid growth.

Symptoms of trouble show up in the piles of paperwork, duplicate payments, and late fees as time ticks by while AP tracks down purchasers, pricing, and receipts, along with the ongoing wait for approvals. Getting suppliers to stop sending the paper invoices that are swamping AP and move to electronic invoicing has clear benefits, but it can be extremely difficult to achieve with an ERP system that only provides a one-size-fits-all way of doing business.

Conversely, a P2P platform that provides suppliers with multiple options for electronic transactions, while more efficiently handling paper for those who simply can't avoid it, makes it quick and easy for them to get started. When companies start by embracing supplier needs, AP automation can improve operational efficiency in spend-related processes end to end, from supplier onboarding to invoice and vcard payments.

3

NOT FUTURE-PROOF

No one knows what the future holds, so it's inevitable that companies will experience bumps along the road to achieving their overall goals, whether that be scaling for massive growth, preparing to go public, or increasing operational efficiency for profitability and speed.

Companies with a P2P platform that is easy to configure, easy for any businessperson to change or add new capabilities to, such as expense, contract or treasury management, will be the first to successfully hit their strategic goals. P2P software must be intuitive, easily scalable, secure and seamlessly integrate with other systems while providing robust access controls, and reporting and access to data - making it as future-proof as possible.

4 BLIND SPOTS IN FINANCIAL PROCESSES

Companies often understand the importance of elevating their procure-to-pay processes and tools to the next level to increase operational efficiency and manage growth, but forget to include AP. But why AP you ask? Because an AP problem is also a P2P problem.

Sound financial reporting, cash management and FP&A depend on having an up-to-date and accurate picture of liabilities - true company spend visibility that is only achieved with a best-of-breed P2P platform. It can be difficult to report accurately on outstanding supplier commitments that haven't yet been processed by AP. AP needs modern tools to automatically match invoices against what was requested, what was actually received and the agreed upon pricing and terms.

Experienced finance leaders also know the importance of striking a balance between solving immediate problems and improving processes for the long term. Rather than simply rebuilding broken or outdated processes inside a new tool, finance leaders must carefully review existing processes for opportunities to improve efficiency and ensure prudent spending. This ongoing process improvement further enables every dollar of realized savings to fund additional growth and increase the value of the company.

5

UNABLE TO MEET PUBLIC MARKET DEMANDS

Finance leaders understand that investors in public markets and company auditors have high expectations for accuracy in financial reporting and stewardship of company resources. The company must have clearly defined spend management policies and processes, and a highly accurate understanding of current liabilities. Company processes around budgeting and approvals must be well developed, well understood, and systematically executed. And well-defined processes to ensure separation of duties and reduce the risk of fraud are critical. Questions such as "Who can approve what?", "Who needs to be notified?", "Who can issue payments?", or "How is this reported?" must be clearly answered and codified into operational tools. Investors in public markets expect that financial reporting is accurate, that the company money is spent wisely, and that profitability targets are met or exceeded.

6

WORKING CAPITAL AND PAYMENTS, ANYONE?

If there's one thing that we can all agree on, it's that leaving money on the table just doesn't make sense. While ERPs aren't necessarily expected to provide optimal working capital and payments management, without extending it with a holistic P2P platform you are missing out on today's most effective working capital strategies—from Early Payment Discounts (EPD) and Supply Chain Financing (SCF) to Treasury Management— that allow businesses to preserve cash if needed, earn higher yields on excess cash or optimize intra-company or cross-border payments, and help struggling suppliers with liquidity challenges.

Furthermore, companies that haven't digitized their processes for managing supplier invoices, payments, and changes to supplier information face serious challenges. Exchanging paper is increasingly more challenging and companies that rely on manual processes for approvals, signatures, and even check-printing encounter barriers to remote work.

At the same time, companies face a tricky balance between preserving cash flow and finding ways to help suppliers who need it—critical to preserving the supply chain and protecting the company's brand reputation. Finance and procurement must find efficient ways to identify small and at-risk suppliers and get liquidity to them ASAP, without compromising their own cash flow.

We've talked a lot about how P2P with the Coupa Business Spend Management Platform can not only extend your ERP investment, but also help you to accomplish your overall company goals—whether that means preparing to go public, scaling for massive growth, or improving operational efficiency to boost profitability.

But you don't have to take our word for it, take it from Gartner's latest Magic Quadrant™ Procure-to-Pay Suites.

Gartner®

2022 MAGIC QUADRANT™ PROCURE-TO-PAY SUITES

Figure 1: Magic Quadrant for Procure-to-Pay Suites

Source: Gartner (November 2022)

Coupa named a Leader for the **seventh time in a row**

Looking for more information?

Rethinking AP Automation and Payments

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Rethinking Working Capital and Payments

Download eBook

See an On-Demand Demo of the Coupa BSM Platform

Watch Now

Want to learn more about how to extend your ERP investment with Coupa?

Visit coupa.com/contact-us to get started today!

About Coupa

Coupa is the cloud-based Business Spend Management (BSM) platform that unifies processes across supply chain, procurement, and finance functions. Coupa empowers organizations around the world to maximize value and operationalize purpose through their business spend.

Coupa's community of 3,000+ customers use the platform to maximize the value of nearly $5T of direct and indirect spend to date.

For more information, visit coupa.com.

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